

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-08 Medicare Program Integrity</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 155</b>	<b>Date: AUGUST 4, 2006</b>
	<b>Change Request 4209</b>

**SUBJECT: Medically Unlikely Edits (MUE)**

**I. SUMMARY OF CHANGES:** To lower the Medicare Fee-For-Service Paid Claims Error Rate, CMS established units of service edits referred to below as MUEs. The correct coding initiative contractor develops and maintains these edits. An MUE is defined as an edit that tests claims for the same beneficiary, Health Care Common Procedure Code System code, dates of service, and billing provider against a criteria number of units of service. The edits auto-deny or auto-suspend (where the shared system cannot identify excess units) all units of service billed in excess of the criteria number of units of service. The MUEs only apply to the services specifically listed in the table of edits; thus, all services will not have MUE associated with them (e.g., drugs and anesthesia).

This CR requires that Medicare contractors deny units of service that exceed MUE criteria and pay the other services on the line as part of initial claims processing activities.

**NEW / REVISED MATERIAL**

**EFFECTIVE DATE: JANUARY 1, 2007**

**IMPLEMENTATION DATE: JANUARY 2, 2007**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)**

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
<b>N/A</b>	

**III. FUNDING:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

**IV. ATTACHMENTS:**

**One-Time Notification**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment – One-Time Notification

Pub. 100-08	Transmittal: 155	Date: August 4, 2006	Change Request 4209
-------------	------------------	----------------------	---------------------

**SUBJECT: Medically Unlikely Edits (MUE)**

## **I. GENERAL INFORMATION**

**A. Background:** To lower the Medicare Fee-For-Service Paid Claims Error Rate, CMS established units of service edits referred to below as MUEs. The correct coding initiative (CCI) contractor develops and maintains MUEs. An MUE is defined as an edit that tests lines for the same beneficiary, Health Care Common Procedure Code System (HCPCS) code, dates of service, and billing provider against a criteria number of units of service. The MUEs auto-deny or auto-suspend all units of service billed in excess of the criteria number of units of service; thus, the MUEs do not require that Medicare contractors perform manual review or suspend claims. The shared system will use auto-suspension of excess units only when contractor personnel must enter the number of units denied because of shared system limitations; contractor medical review staff will not do manual medical review to determine the number of units an MUE denies. The MUEs only apply to the services specifically listed in the table of MUEs; thus, all services will not have MUE associated with them (e.g., CMS currently does not plan to develop MUEs for anesthesia services).

This One Time Notification (OTN) requires that Medicare contractors deny units of service that exceed MUE criteria and pay the other services on the line as part of initial claims processing activities, i.e., pay up to the maximum (either via automated denial or via suspension and manual input of the number of units to be denied).

**B. Policy:** The CCI contractor produces a table of MUEs. The table contains ASCII text and consists of six columns. The first column contains HCPCS codes (5 positions). The second column contains the maximum units of service carriers shall allow per day for the HCPCS code in column one (2 positions with no decimal places). The third column contains the maximum units of service fiscal intermediaries (FIs) shall allow per day for the HCPCS code in column one (2 positions with no decimal places). The fourth column is the Corresponding Language Example Identification (CLEID) Number (12 positions including a decimal point). The CLEID information is for reference only. The fifth column states the beginning effective date for the edit (7 positions in YYYYDDD format), and the sixth column states the ending effective date of the edit (7 positions in YYYYDDD format). For example, April 1, 2007, is recorded as 2007091 meaning the 91<sup>st</sup> day of 2007. The last column will remain blank until an ending effective date is determined. CMS distributes the MUEs a separate file when they distribute the regular CCI edits. See Attachment 1 for the layout in table format.

Specifically, the date of service, defined as the effective date of each MUE contained in the file CMS provides, determines which claims MUEs will affect.

Further, the CMS set MUEs to auto-deny all units of service in excess of the criteria in column 2 of the table of MUEs. Chapter 3, section 5.1, of the Program Integrity Manual, indicates that automated review is acceptable for medically unlikely cases and apparent typographical errors.

The CMS will set the units of service for each MUE high enough to allow for medically reasonable daily frequencies of clinical outpatient services provided in most outpatient or provider settings, taking into consideration both physicians' offices and hospital outpatient departments. The set of MUEs required by this OTN is based on anatomic considerations. Because CMS believes that most MUEs based on anatomic considerations are not controversial, CMS will not require an appeals process or modifiers to bypass the MUEs. The set of MUEs based on anatomical considerations address approximately 2,800 codes.

Note that, quarterly, the CCI contractor provides a revised table of MUEs via Network Data Mover (NDM).

Furthermore, contractors and other interested parties shall identify questions or concerns regarding the MUEs and bring these to the attention of the National Correct Coding Initiative (NCCI) contractor. The NCC contractor may refer those concerns to CMS, and CMS may act to change the MUE limits for outpatient services upon review of the issues brought to the attention of the NCCI contractor and/or upon review of data and information concerning MUE claims appeals.

Finally, excess charges due to units of service greater than the MUE may not be billed to the beneficiary (this is a "provider liability"), and this provision can neither be waived nor subject to an advanced beneficiary notification (ABN).

## II. BUSINESS REQUIREMENTS

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4209.1	Shared systems maintainers shall develop a line level edit to deny only units of service in excess of MUE criteria and allow payment of all other units on the line as part of initial claims processing activities (either via automated denial or via suspension and manual input of number of units to be denied).					X	X	X		

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4209.2	The shared system module shall calculate units of service for a service provided over a period of time greater than one day as a per day number rounded to the nearest whole number.					X	X	X		
4209.2.1	For each day in the period, the shared system shall deny all units of service greater than the units of service stated in the file.					X	X	X		
4209.3	The shared system module shall apply MUEs after all other edits and audits have completed and before the claim is sent to CWF.					X	X	X		
4209.4	Data Centers shall install the MUE shared system module developed in requirement 1 in time to deny only units that exceed MUE criteria.	X	X	X	X					
4209.5	Contractors shall insure that the MUE shared system module developed in requirement 1 begins to operate in time that all units that pass MUE and are processed on or after the implementation date for this requirement are <u>not</u> denied because of MUEs (either via automated denial or via suspension and manual input of number of units to be denied).	X	X	X	X					
4209.6	Contractors need not search their files either to retract payment for claims paid before the implementation date of this OTN plus 90 days or retroactively to pay claims denied before the implementation date of this OTN plus 90 days. However, contractors shall adjust claims brought to their attention.	X	X	X	X					
4209.7	For MUEs base on anatomical considerations, contractors shall not allow providers and beneficiaries to appeal the denial of units of service on the claim in excess of the MUE limits via the Medicare appeals process.	X	X	X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4209.8	Contractors shall handle appeals of the edit limits through the normal CCI edit appeal process by forwarding the questions concerning the edit to  National Correct Coding Initiative Correct Coding Solutions, LLC P.O. Box 907 Carmel, IN 46082-0907	X	X	X	X					
4209.8.1	If the CCI contractor agrees with the Medicare contractor, the CCI contractor shall recommend that CMS change the MUE.									CCI contractor
4209.8.1.1	CMS may act to change the MUE limits for outpatient services upon review of the issues brought to the attention of the NCCI contractor and/or upon review of data and information concerning MUE claims appeals.									CMS
4209.9	Beginning on the implementation date for this OTN, Medicare contractors shall apply MUEs to claims and adjustments with dates of service on or after the beginning effective date of the MUE and on or before the ending effective date of the MUE.	X	X	X	X					
4209.9.1	Shared system maintainers shall insure that dates their modules use to determine excess units are based on date of service.					X	X	X		
4209.10	Medicare contractors shall begin denying units in excess of MUE criteria and assign MSN message # 15.6, reason code # 57 (Payment denied/reduced because the payer deems the information submitted does not support this level of service, this many services, this length of service, this dosage, or this day’s supply.), and remark code # N362 to claims that fail the MUEs. Contractors may use remark code N211: “You may not appeal this decision.”	X	X	X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
4209.11	Medicare contractors shall classify MUEs as PIMR activity code 21001I in PIMR and activity code 11205 in CAFM.	X	X	X	X					
4209.11.1	FIs only shall set up SuperOP Events to deny MUE to 5XXXX and classify MUEs as 2101I in PIMR and activity code 11205 in CAFM.	X								SUPEROP

### III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
4209.12	<p>A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles">www.cms.hhs.gov/MLNMattersArticles</a> shortly after the CR is released. You will receive notification of the article release via the established 'MLN Matters' listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic.</p> <p>Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>	X		X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	

#### IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

##### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

##### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

##### C. Interfaces: N/A

##### D. Contractor Financial Reporting /Workload Impact: N/A

##### E. Dependencies: N/A

##### F. Testing Considerations: N/A

#### IV. SCHEDULE, CONTACTS, AND FUNDING

<b>Effective Date:</b> January 1, 2007 <b>Implementation Date:</b> January 2, 2007  <b>Pre-Implementation Contact(s):</b> John Stewart (410) 786-1189  <b>Post-Implementation Contact(s):</b> John Stewart (410) 786-1189	<b>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.</b>
--	---

**\*Unless otherwise specified, the effective date is the date of service.**

Attachment

**APPENDIX 1**  
**TABULAR PRESENTATION OF THE FORMAT FOR THE**  
**MUE TRANSMISSION**

HCPCS CODE	MAXIMUM CARRIER UNITS	MAXIMUM FI UNITS	CLEID #	BEGINNING EFFECTIVE DATE	ENDING EFFECTIVE DATE
AAAAA	XX	XX	XXXXXXXXXXX.X	YYYYDDD	YYYYDDD
AAAAA	XX	XX	XXXXXXXXXXX.X	YYYYDDD	YYYYDDD
AAAAA	XX	XX	XXXXXXXXXXX.X	YYYYDDD	YYYYDDD
<b>DEFINITIONS:</b> <b>A</b> = ALPHANUMERIC CHARACTER <b>X</b> = NUMERIC CHARACTER <b>YYYYXXX</b> = JULIAN DATE					